



# Energy Future System Operator

## Response form

The consultation is available at: <https://www.gov.uk/government/consultations/proposals-for-a-future-system-operator-role>

The closing date for responses is 28<sup>th</sup> September 2021

Please return completed forms to:

System Operator Team  
Department for Business, Energy and Industrial Strategy  
Abbey 1, 3rd Floor,  
1 Victoria Street  
London  
SW1H 0ET

### AND

Future System Operation  
Office of Gas and Electricity Markets  
10, South Colonnade  
Canary Wharf London  
E14 4PU

Email: [futuresystemoperator@beis.gov.uk](mailto:futuresystemoperator@beis.gov.uk)

## Personal / Confidential information

Please be aware that we intend to publish a summary of all responses to this consultation.

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

Ofgem will publish non-confidential responses (or parts of response) on its website. If you want your response in whole or in part to be considered confidential, please tell us in your response and say why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

Please be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our privacy policy.

All responses will be processed by BEIS and Ofgem as this is a joint consultation.

We will summarise all responses and publish this summary on GOV.UK. The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

I want my response to be treated as confidential ☐

Comments: [Click here to enter text.](#)

## About You

Name: Stephanie Ward  
Organisation (if applicable): Xoserve Limited  
Address: Lansdowne Gate, 65 New Road, Solihull, B91 3DL

	Respondent type
<input type="checkbox"/>	Business representative organisation/trade body
<input type="checkbox"/>	Central government
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input checked="" type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Trade union or staff association
<input checked="" type="checkbox"/>	Other (please describe) Central body (gas)

## Questions

### Chapter 2

#### Questions in this section relate to

- The case for change

#### Question 1

Do you agree that net zero will create the need for new technical roles in the electricity and gas systems, and require a new approach to for energy system governance?

A ☐ Yes ☐ No

B

If not please explain why:

[Click here to enter text.](#)

#### Question 2

Do you agree that the establishment of a Future System Operator is needed to fulfil the kinds of technical roles needed to drive net zero?

A ☐ Yes ☐ No

B

If not please explain why:

[Click here to enter text.](#)

### Question 3

Do you agree that a Future System Operator should have roles in both the electricity and gas systems?

A ☐ Yes ☐ No

B

**If not please explain why:**

[Click here to enter text.](#)

### Question 4

Do you agree that a Future System Operator should be entirely separate from National Grid plc?

A ☐ Yes ☐ No

B

**If not please explain why:**

[Click here to enter text.](#)

### Question 5

What issues are there with existing institutional arrangements in the UK energy system in relation to system-wide decision-making and planning?

**Please provide your answer below:**

[Click here to enter text.](#)

### **Question 6**

What examples/case studies are you aware of where net zero delivery in one part of the energy system did not adequately account for cross-system impacts or costs?

**Please provide your answer below:**

[Click here to enter text.](#)

### **Question 7**

Where should government focus in our efforts to improve systems thinking and coordination across the energy system?

**Please provide your answer below:**

[Click here to enter text.](#)

## Chapter 3

### **Questions in this section relate to**

- What existing, enhanced and new roles and functions we consider a Future System Operator is well placed to take on to drive the transition to net zero.

### **Question 8**

Do you agree that the FSO should undertake all the existing roles and functions of NGESO?

A

☐ **Yes**

☐ **No**

B

**If not please explain why:**

[Click here to enter text.](#)

### **Question 9**

Do you agree there is a case for the FSO to undertake the gas strategic functions outlined in Option 1?

A

☐ **Yes**

☐ **No**

B

**If not please explain why:**

[Click here to enter text.](#)

### Question 10

Do you agree that there is not currently a case for the FSO to undertake all GSO roles and functions, including real time gas system operation, as outlined in Option 2?

A

☐ Yes

☐ No

B

**If not please explain why:**

[Click here to enter text.](#)

### Chapter 3- New and enhance FSO roles

**Questions in this section relate to**

- 3.2 in the FSO Consultation

### Question 11

Do you have views on the proposal for an advisory role? What organisations do you consider would benefit from the provision of advice by the FSO?

**Please provide your answer below**

[Click here to enter text.](#)

**Who should bear the costs of providing that advice?**

[Click here to enter text.](#)



## Question 12

Do you have any views on the other areas where we are considering new and enhanced roles and functions for the FSO (outlined in section 3.2)?

**Please elaborate:**

[Click here to enter text.](#)

## Chapter 4

Questions in this section relate to

### *Organisation Design*

- The high-level characteristics and detailed attributes which we consider are needed to achieve this, and seeks views on two different organisational models and the extent to which they meet these characteristics and attributes.

## Question 13

What are your views on our proposed characteristics and attributes of a future system operator and how the models presented would deliver against them?

**Please provide your answer below**

[Click here to enter text.](#)

**Are there other characteristics or attribute that we have not yet considered?**

[Click here to enter text.](#)

#### **Question 14**

Are we considering the right organisation models for the FSO? And why?

**Please provide your answer below**

[Click here to enter text.](#)

#### **Question 15**

Are we considering the right elements for the FSO's regulatory and accountability frameworks? And why?

**Please provide your answer below**

[Click here to enter text.](#)

#### **Question 16**

Do you have views on the level of shareholding or control involving other 'energy interests' and the FSO at which a conflict of interest would become a concern?

**Please provide your answer below**

[Click here to enter text.](#)

#### **Question 17**

Are we considering the right implications of our proposals for Elexon and Xoserve?

**Please provide your answer below**

[Click here to enter text.](#)

From Xoserve's perspective, we agree that, as currently described, the reforms should not have any direct implications for Xoserve's ownership, given we are owned by the gas transporters, rather than by the system operator, and our governance incorporates network companies and shippers.

The current consultation on the Design and Delivery of the Energy Code Reform has initiated important conversations on the licencing of the central system delivery bodies. Since this topic impacts Xoserve, and has featured in many interactions we have had with market participants over the last few weeks, we felt it was worthy of comment here.

We can see the benefits in the central system delivery bodies being licenced in their own right, as this would:

- ensure that the central system delivery bodies are accountable to the strategic body directly, allowing BEIS-Ofgem greater ability to direct industry-wide changes; and
- normalise the arrangements for determining the funding for the central system delivery functions, as funding (assumed to be set by the strategic body) and priorities would be aligned.

We recognise that BEIS/Ofgem are at the early stages of considering this change. However, we believe that there are some wider dynamics to consider when contemplating this approach further, namely:

- The way that the strategic body chooses to enforce licence conditions. If fines form part of the enforcement toolkit, this could create a challenge for those central system delivery bodies which are non-profit-making organisations, and therefore do not have the ability to accrue reserves which can be used to fund fines.
- For Xoserve specifically, there will likely be implications for our funding, governance and ownership (FGO) arrangements. Xoserve is created via a licence obligation on the gas transporters, governed by a Board comprised of nominees from each of our customer constituencies and funded through a fully transparent annual business planning process. A direct licence to Xoserve would remove any perception (by other gas market participants) of bias towards the gas transporters but would likely have an impact on the gas transporters' view of their own licence obligations. It might also be appropriate to review the nature and membership of our Board. Consideration of the impact on our customers of any change in funding process would also need to be factored in.

## Chapter 5

Questions in this section relate to

### *Implementation*

- A preferred high-level approach for implementation of the FSO with the aim of seeking views on how the FSO can best implemented in practice

### **Question 18**

What is your view on the preferred implementation approach?

### **Please explain why**

[Click here to enter text.](#)

### **Question 19**

Based on the areas where we are considering new and enhanced roles and functions for the FSO, which of these should be prioritised for development?

**Please explain why**

[Click here to enter text.](#)

## **Question 20**

What do you believe are the risks to implementation?

**Please provide your answer below**

[Click here to enter text.](#)

**How can these be mitigated?**

[Click here to enter text.](#)

## **Question 21**

Do you have any comments on potential implications of implementation for you, your organisation, or other stakeholders?

**Please provide your answer below**

[Click here to enter text.](#)

## **Chapter 6**

**Questions in this section relate to**

*Impact assessment*

- FSO Impact assessment which is presented alongside this consultation to assess the likely costs, benefits and distributional impacts of the policy options considered

## **Question 22**

What is your view on the position there are likely to be cost savings across the energy system from an increased “whole system” view, as described in paragraphs 50-55 of the IA?

A

**Please provide your answer below**

[Click here to enter text.](#)

B

**If so, is the potential magnitude of savings illustrated fairly in the IA?**

[Click here to enter text.](#)

C

**If not, why not?**

[Click here to enter text.](#)

### **Question 23**

What is your view on the conclusion that policy intervention is likely to increase the benefits of onshore electricity network competition, as described in paragraphs 53-59 of the IA? If you agree, is the potential magnitude of savings illustrated fairly in the IA? If not, why not?

A

**Please provide your answer below**

[Click here to enter text.](#)

B

**If not, why not?**

[Click here to enter text.](#)

### Question 24

Do you think that the impact assessment has identified and considered the key costs and benefits of policy intervention?

A

☐ Yes

☐ No

B

**If not, can you provide details on other impacts that have not been considered?**

[Click here to enter text.](#)

### Question 25

Do you think that the distribution of impacts is fairly represented, with impacted groups correctly identified? Outlined in table 5 of the IA.

A

☐ Yes

☐ No

B

**If not, why not?**

[Click here to enter text.](#)

### Question 26

We invite respondents' views on whether the proposals for energy system governance reform may have a different impact on people who have a protected characteristic (age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (gender) or sexual orientation), in different ways from people who don't have that characteristic.

**Please provide any evidence that may be useful to assist with our analysis of policy impacts.**

[Click here to enter text.](#)

**Do you have any other comments that might aid the consultation process as a whole?**

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.

[Click here to enter text.](#)

Thank you for your views on this consultation.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply ☐

At BEIS we carry out our research on many different topics and consultations, and your views are valuable to us. Would you be happy for us to contact you again from time to time either for research or about other consultations?

☐Yes

☐No